



Senate

General Assembly

File No. 241

January Session, 2009

Substitute Senate Bill No. 457

Senate, March 26, 2009

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING MOTOR VEHICLE REPAIRS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 14-65f of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2009*):

4 (a) (1) Prior to performing any repair work on a motor vehicle, a
5 motor vehicle repair shop shall obtain a written authorization to
6 perform the work, on an invoice signed by the customer, [which] that
7 includes an estimate in writing of the maximum cost to the customer of
8 the parts and labor necessary for the specific job authorized. A repair
9 shop shall not charge for work done or parts supplied without a
10 written authorization or in excess of the estimate unless the customer
11 gives consent orally or in writing.

12 (2) In addition to, or as part of, the written authorization set forth in
13 subdivision (1) of this subsection, a motor vehicle repair shop shall
14 obtain a written acknowledgment that the customer is aware of his or

15 her right to choose the licensed repair shop where the motor vehicle
16 will be repaired. Such acknowledgment shall read as follows: "I am
17 aware of my right to choose the licensed repair shop where the
18 damage to the motor vehicle will be repaired." A repair shop shall not
19 repair a motor vehicle without such acknowledgment, which may be
20 transmitted by facsimile or by electronic mail.

21 Sec. 2. Section 38a-335 of the general statutes is repealed and the
22 following is substituted in lieu thereof (*Effective October 1, 2009*):

23 (a) Each automobile liability insurance policy shall provide
24 insurance in accordance with the regulations adopted pursuant to
25 section 38a-334 against loss resulting from the liability imposed by law,
26 with limits not less than those specified in subsection (a) of section 14-
27 112, for damages because of bodily injury or death of any person and
28 injury to or destruction of property arising out of the ownership,
29 maintenance or use of a specific motor vehicle or motor vehicles within
30 any state, territory, or possession of the United States of America or
31 Canada.

32 (b) Each automobile liability insurance policy issued, renewed,
33 amended or endorsed on or after October 1, 1988, and covering a
34 private passenger motor vehicle as defined in subsection (e) of section
35 38a-363, shall contain or have attached thereto a conspicuous statement
36 specifying whether the policy provides liability, collision or
37 comprehensive coverage for damage to a rented private passenger
38 motor vehicle and, where the policy provides such coverage, the limit
39 of coverage provided and whether any deductible amount applies.

40 (c) Each automobile liability insurance policy issued, renewed,
41 amended or endorsed on or after April 8, 1974, shall provide that if the
42 provisions of the motor vehicle financial responsibility law or the
43 motor vehicle compulsory insurance law or any similar law of any
44 state, territory or possession of the United States of America or any
45 Province of Canada, require insurance with respect to the operation or
46 use of the motor vehicle in such state, territory, possession or province
47 and such insurance requirements are greater than the insurance

48 provided by the policy, the limits of the company's liability and the
49 kinds of coverage afforded by the policy shall be as set forth in such
50 law, in lieu of the insurance otherwise provided by the policy, but only
51 to the extent required by such law and only with respect to the
52 operation or use of the motor vehicle in such state, territory, possession
53 or province; provided the insurance under this subsection shall be
54 reduced to the extent that there is other valid and collectible insurance
55 under such policy or any other motor vehicle insurance policy. In no
56 event shall any person be entitled to receive duplicate payments for
57 the same element of loss.

58 (d) With respect to the insured motor vehicle, the coverage afforded
59 under the bodily injury liability and property damage liability
60 provisions in any such policy shall apply to the named insured and
61 relatives residing in his household unless any such person is
62 specifically excluded by endorsement.

63 (e) (1) Each automobile liability insurance policy issued, renewed,
64 amended or endorsed on or after October 1, 2009, and covering a
65 private passenger motor vehicle shall provide a premium discount for
66 any such motor vehicle that has its complete identification number
67 etched on a lower corner of the windshield and on each side or rear
68 window of such vehicle. For the purposes of this subsection, "private
69 passenger motor vehicle" means: (A) A private passenger-type
70 automobile; (B) a station-wagon-type automobile; (C) a camper-type
71 motor vehicle; (D) a high-mileage-type motor vehicle, as defined in
72 section 14-1; or (E) a truck-type motor vehicle with a load capacity of
73 fifteen hundred pounds or less, registered as a passenger motor
74 vehicle, as defined in section 14-1, or as a passenger and commercial
75 motor vehicle, as defined in section 14-1, or used for farming purposes.
76 It does not include a motorcycle or motor vehicle used as a public or
77 livery conveyance.

78 (2) Each insurance company that issues, renews, amends or
79 endorses an automobile liability insurance policy shall annually file
80 with the commissioner, on such form as the commissioner prescribes,

81 the discount rate provided pursuant to subdivision (1) of this
 82 subsection and any other information the commissioner may require.

83 Sec. 3. Section 38a-354 of the general statutes is repealed and the
 84 following is substituted in lieu thereof (*Effective October 1, 2009*):

85 (a) No automobile physical damage appraiser shall require that
 86 appraisals or repairs should or should not be made in a specified
 87 facility or repair shop or shops.

88 (b) No insurance company doing business in this state, or agent or
 89 adjuster for such company shall (1) require any insured to use a
 90 specific person for the provision of automobile physical damage
 91 repairs, automobile glass replacement, glass repair service or glass
 92 products, [unless otherwise agreed to in writing by the insured] or (2)
 93 suggest that choosing a facility other than a preferred repair facility
 94 will result in delays in repairing the motor vehicle or a lack of
 95 guarantee for repair work.

96 (c) Any appraisal or estimate for a motor vehicle physical damage
 97 claim written on behalf of an insurer shall include the following notice,
 98 printed in not less than ten-point boldface type:

99 NOTICE:

100 YOU HAVE THE RIGHT TO CHOOSE THE LICENSED REPAIR
 101 SHOP WHERE THE DAMAGE TO YOUR MOTOR VEHICLE WILL
 102 BE REPAIRED.

| | | |
|---|------------------------|-----------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>October 1, 2009</i> | 14-65f(a) |
| Sec. 2 | <i>October 1, 2009</i> | 38a-335 |
| Sec. 3 | <i>October 1, 2009</i> | 38a-354 |

INS *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

This bill requires auto insurers to annually file the consumer discount rate they provided with the Insurance Department and does not result in a fiscal impact. Workload increase for the agency prompted by the provisions of the bill can be accommodated within existing agency resources.

The Out Years

None

OLR Bill Analysis**sSB 457*****AN ACT CONCERNING MOTOR VEHICLE REPAIRS.*****SUMMARY:**

This bill limits what auto insurers can tell insureds with respect to necessary auto repairs. Specifically, it prohibits an auto insurer, and its agents and adjusters, from (1) requiring an insured to use a specific person to perform auto repairs or (2) suggesting that repair work will be delayed or not guaranteed if the insured has repairs performed at a motor vehicle repair shop that is not one of the insurer's preferred repair facilities. Current law prohibits them from requiring the use of a specific person for auto repairs unless the insured agrees in writing.

The bill requires a repair shop to obtain a customer's written acknowledgement that he or she is aware of his or her right to choose the licensed repair shop that will repair his or her vehicle. It prohibits a repair shop from repairing a vehicle without this acknowledgment, which a customer may email or fax. The acknowledgement is in addition to, or may be part of, the customer's written authorization to perform work, which a repair shop must obtain by law before performing any repair work. (The acknowledgement requirement is already law for a repair shop participating in an insurer's motor vehicle repair program (CGS § 14-65m)).

The bill requires an auto insurer to offer a premium discount on a policy issued, renewed, amended, or endorsed on or after October 1, 2009 covering a "private passenger motor vehicle" that has its complete vehicle identification number (VIN) etched on the lower corner of vehicle's windshield and each side or rear window. The bill requires an insurer to annually file the discount rate with the insurance

commissioner, on a form he prescribes, and any other information he may require.

EFFECTIVE DATE: October 1, 2009

PENALTY FOR ACKNOWLEDGEMENT VIOLATIONS

Under the bill, the penalty for violating the repair shop acknowledgment requirement is license suspension or revocation, a fine of up to \$1,000 for each violation, or both.

VIN ETCHING

Definition

The bill defines "private passenger motor vehicle" for purposes of the VIN etching premium discount as a:

1. private passenger-type automobile,
2. station-wagon-type automobile,
3. camper-type motor vehicle,
4. high-mileage-type motor vehicle, or
5. truck-type motor vehicle with a load capacity of up to 1500 pounds that is (a) registered as a passenger motor vehicle or passenger and commercial motor vehicle or (b) used for farming purposes.

It does not include a motorcycle or motor vehicle used as a public or livery conveyance.

Existing law defines a "high-mileage vehicle" as a motor vehicle with (1) at least three wheels in contact with the ground, (2) a completely enclosed driver's seat, (3) a single or two cylinder gasoline or diesel engine or an electric-powered engine, and (4) efficient fuel consumption (CGS § 14-1(39)).

BACKGROUND

Preferred Repair Shops

Some automobile insurers enter into contracts with specific repair shops that agree to provide services to customers at a discounted price. A person may choose any shop for repairs, but the insurer might only guarantee repairs performed at a preferred shop.

Licensed Repair Shop

By law, no one may operate a motor vehicle repair shop without a Department of Motor Vehicle-issued new car dealer's, used car dealer's, repairer's, or limited repairer's license (CGS § 14-52). A "motor vehicle repair shop" means a new car dealer, a used car dealer, a repairer, or a limited repairer (CGS § 14-65e).

"Repairer" includes any person, firm, or corporation qualified to conduct such business, having a suitable facility and adequate equipment, engaged in repairing, overhauling, adjusting, assembling, or disassembling any motor vehicle. It excludes a person engaged in tire repairs, upholstering, glazing, general blacksmithing, welding, and machine work on motor vehicle parts when a licensed repairer disassembles and reassembles the parts (CGS § 14-51(3)).

"Limited repairer" includes any qualified person, having a suitable place of business and adequate equipment, engaged in the business of minor repairs, including cooling, electrical, fuel, and exhaust system repairs and replacement; brake adjustments, relining, and repairs; wheel alignment and balancing; and shock absorber repairs and replacement. It excludes lubricating motor vehicles; adding or changing oil or other motor vehicle fluids; changing tires and tubes, including the balancing of wheels; or installing batteries or light bulbs, windshield wiper blades, or drive belts (CGS § 14-51(4)).

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 14 Nay 5 (03/10/2009)